



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
November 24, 2008
4:00 P.M.
Council Office

COUNCIL MEMBERS PRESENT:

V. Spencer, J. Waltman, S. Marmarou, S. Fuhs, D. Sterner, M. Baez, M. Goodman-Hinnershitz

OTHERS IN ATTENDANCE:

D. Cituk, L. Kelleher, S. Katzenmoyer, C. Younger, C. Kanezo, R. Hottenstein

Vaughn Spencer, President of Council, called the Committee of the Whole meeting to order at 4:12 p.m.

I. Budget Discussions

Mr. Waltman reviewed the Charter requirements and deadlines for the adoption of the budget. He noted that there is no consensus on the budget at this time but indicated that Council must work within the Charter requirements. He reviewed the amendments introduced at the November 10 regular meeting. He noted that Council needs to support both of the Administration's proposed tax increases, cut a percentage from each line item of the budget, or make program cuts.

Mr. Hottenstein noted that the Administration supports the amendments introduced at the November 10 meeting. He noted that further reductions would need to be introduced as amendments this evening. He noted the recommendation of the Administration to raise EIT to 1.4% for the City's portion and to raise property taxes by 5% to balance the budget.

Ms. Baez asked for clarification that if one or both of the tax increases were rejected by Council that further cuts to expenses would need to be made. Mr. Hottenstein confirmed this and noted that the Administration does not recommend further cuts.

Mr. Cituk noted that he concurs with the Administration regarding the proposed tax increases and budget. He further noted his recommendation to raise the EIT by an

additional .1 to make the City portion 1.5%. He noted that without both tax increases that the Administration would likely cut positions.

Mr. Waltman recapped the process to date.

Mr. Spencer requested the opinion of the Auditor regarding the prevention of layoffs for 2009, and how that would be prevented in the 2010 budget. Mr. Cituk noted the difficult decisions ahead and noted that the City will be short \$8 - \$10 million to start the 2010 budget process as the Parking Authority and Antietam one-time infusions will not be available. He forecasted wholesale layoffs and program cuts.

Mr. Spencer noted that serious cuts need to be made in 2009 or 2010. He indicated that the Administration would most likely recommend raising taxes again in 2010. He recommended that Council consider making cuts this year. He noted that the recommendations from the Administration reviewed at last week's meeting could not be taken seriously as an entire Police platoon would not be considered in program cuts. He noted the need for the Administration to re-evaluate cuts in expenditures. He noted that he is not prepared to increase taxes without a plan for 2010.

Ms. Goodman-Hinnershitz voiced her belief that if programs are cut, a plan needs to be in place. She noted that wholesale cuts should not be done quickly and at the last minute. She noted her support of the Administration's tax increases and budget but noted the need to prepare for 2010.

Mr. Waltman noted that Council cannot be heavily involved in the planning for 2010 in their part-time role. The bulk will be done by the Administration.

Ms. Goodman-Hinnershitz noted that additional revenues need to be generated by collecting delinquent accounts.

Mr. Sterner noted that Council did not amend the Administration's budget for 2008 and problems were predicted for 2009. He noted that the City has not learned from the past. He noted the increased costs of personnel and noted the need to begin cutting programs. He was disturbed that long-term plans have not been made. He reminded all of the need for the renter tax. He noted that property owners and wage earners are always targeted. Others need to contribute as well.

Mr. Marmarou requested the Administration submit a plan regarding the collection of outstanding and delinquent accounts. Mr. Hottenstein indicated that the information contained in the housing permit memos is inaccurate. He noted that the City will always have outstanding amounts as some accounts are billed on a monthly basis. He noted that he is working on improvements to the collection system. He also indicated that the City will need to write off a large amount due to bankruptcies and people moving out of the area. Mr. Marmarou noted that he will not support tax increases until he sees the plan to improve collections.

Mr. Fuhs indicated that he will support both of the tax increases recommended by the Administration. However, he noted the need for additional cuts. He noted that core services do not include libraries, parks, recreation, BCTV and BARTA. He noted

that these programs should be examined. He noted the extended community needs to share the burden.

Mr. Hottenstein noted that the Administration has worked on the budget harder this year than in the recent past. He also noted that the process began much earlier but that Council and the Administration are still in the same situation as years past. He noted the Administration's position of trying not to decrease programs while they make efficiency increases. He noted that Council is not in consensus about what programs should be cut. All must work together and difficult decisions must be made.

Mr. Marmarou noted that he does not support cutting parks and recreation.

Mr. Hottenstein noted the need for 2010 budget discussions to begin immediately in January. This issue must be kept at the forefront.

Ms. Goodman-Hinnershitz noted a lack of trust since the promise to begin budget discussions early has been made in the past but there is no follow through.

Mr. Spencer noted that it is not distrust but that the same situation occurs year after year. It is time to stop talking and start doing. He noted that the City knew this situation was coming. He questioned what plan is in place for 2010. Mr. Hottenstein noted that planning has begun but did not specify what the plans were.

Mr. Waltman also noted that long term plans are needed. He noted that the Administration must lead the way and work with Council. This cannot be accomplished in separate conversations with council members but with Council as a whole. He noted the many opportunities available in the planning process.

Mr. Waltman indicated that he would not be supporting the recommended tax increases. He expressed his concern that when Council requested further expense reductions, viable options were not given. He again noted the lack of a long range plan and that the City cannot afford not to have libraries and recreation. He noted that expenses were not examined closely enough and that further decreases can be found.

Mr. Spencer reminded Council that Mr. Hottenstein met with Council to review each expense line item in the budget.

Mr. Sterner noted the budget increase of \$30 million since he became a Council member. He noted that more should have been done in the past to prevent the current situation. He described the inefficiencies of several departments.

Ms. Kelleher questioned if the report from Maximus on the City's fines and fees had been received. Mr. Hottenstein noted that it had not but that the Administration had included increases in fines and fees in the amended 2009 budget amounts.

Mr. Waltman noted that the revenues are set by Council. If the budget expenses remain the same, the budget will not be fully funded.

Ms. Goodman-Hinnershitz indicated that the public needs to see that dialog is taking place. She noted the need to problem solve to decrease the Administration's inefficiencies.

A discussion was held regarding the 2009 budget if it is not fully funded.

II. Agenda Review

Charlie Jones joined the meeting at this time.

Council reviewed the agenda for this evening's meeting.

Mr. Jones addressed the award of contract for a feasibility study for an environmental education center at Angelica Park. He noted that this would be for the renovation of the former boathouse. Classes and labs, along with an observation deck would be included in the center. The design of the center was done at no cost to the City. This study is to ascertain who would run the center and how it should be run. He noted that the study is required by DCNR if funding for the project will be sought.

Mr. Fuhs questioned where the \$65,000 was allocated. Mr. Jones noted that it is currently in the 2009 Capital Improvement Project budget.

Mr. Fuhs questioned the amount of the grant from DCNR. Mr. Jones was unsure of the amount.

Mr. Sterner questioned if previous partners in the Angelica Park projects were involved in the process. Mr. Jones indicated that they were.

Ms. Goodman-Hinnershitz noted her support of the concept of the center but noted the need for the City to be cautious about taking responsibility for the center. Mr. Hottenstein indicated that the Administration does not support the project if there is a cost to the City.

Mr. Spencer questioned why the City was paying the \$65,000 and not one of the other partners. Mr. Hottenstein indicated that there was a partial grant to cover the cost of the study.

Mr. Spencer questioned if this was part of the consent decree agreement regarding the waste water treatment plant. Mr. Jones noted that it was not.

Mr. Spencer questioned what the other partners have contributed to the project. He noted that they should be approached for funding for the study in light of the City's current financial situation. Mr. Hottenstein noted that the City has more success obtaining grants. Mr. Jones noted that as the owner of the property, the City must complete the study.

Mr. Spencer questioned the two resolutions regarding the Goggle Works Apartments. He questioned if this was additional money. Mr. Hottenstein indicated that this is for additional paperwork that has become necessary.

Mr. Sterner noted that Mr. Boscov indicated that this project was on hold.

Mr. Fuhs reminded Council of his concerns about this project from its onset. He noted that the City has used \$800,000 in HOME funds for this project which may have been better used elsewhere. Mr. Hottenstein noted that this project is still supported by the Administration. The HOME funds were turned over to the Reading Housing Authority.

Mr. Fuhs requested an accounting report of these funds. Mr. Hottenstein indicated that this report would be provided.

Ms. Goodman-Hinnershitz noted her difficulty with this project in light of the current economy.

Mr. Spencer requested the Director of the Redevelopment Authority attend the next Finance Committee meeting to discuss this issue.

Mr. Fuhs questioned why the Parking Authority would need to incur debt if the convention center hotel project does not move forward. Mr. Hottenstein indicated that Council needs to authorize the note but that the Authority will not draw on it if the project does not move forward.

Mr. Sterner indicated that the amendment to the Graffiti Ordinance was discussed at the last Public Safety meeting.

Mr. Spencer noted that he is uncomfortable adding this as some youth cannot be controlled by their parents. He noted his belief that this will not change behaviors.

Mr. Marmarou noted that this is already covered under the Parental Responsibility Act.

Mr. Spencer indicated that even if parents are cited, monies will probably not be collected.

Mr. Sterner noted that not many are caught committing graffiti but that this can be used as a deterrent.

Mr. Waltman noted his belief that it may make some youths change their behavior to protect their parents.

Mr. Fuhs questioned if it was appropriate to pass the Full Time Position Ordinance without the revenue increases. Mr. Hottenstein noted his belief that it could be approved. Positions that are not funded would remain vacant or be eliminated. He also reported that management salaries will not be part of the Full Time Position Ordinance as Council had requested.

Mr. Hottenstein distributed a memo from the Mayor regarding the firearms ordinance. He asked for Council's support.

Mr. Fuhs requested that this ordinance remain tabled to enable a discussion with the Mayor. He requested statistics and a legal opinion. He noted a Supreme Court ruling that only state government can address gun issues.

Mr. Marmarou questioned if the local FOP supports this ordinance. Mr. Hottenstein will check with the President.

Mr. Younger indicated that the Pennsylvania Supreme Court decision notes that they are unsure if this issue is covered.

Mr. Fuhs noted his dislike for issues such as this if they are part of a larger political agenda. He again requested statistics.

Ms. Goodman-Hinnershitz noted her conversations with gun owners. She noted that they did not feel this is problematic. She noted that responsible owners report their stolen guns.

Mr. Marmarou reported that first class cities such as Philadelphia have been making their own gun laws for the last 50 years.

Mr. Spencer indicated that there may be other laws that can cover this issue without having a separate ordinance.

Mr. Sterner voiced his agreement with Mr. Fuhs that this is part of a larger political agenda. He noted that this would prosecute the victim.

Mr. Waltman requested additional discussion.

The meeting adjourned at 6:50 pm.

Respectfully Submitted

By: _____
Linda A. Kelleher, City Clerk